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Idaho Athletic Commission

Management Report on Internal Control

Issued: October 13, 2003
Fiscal Year: 2002-2003



EXECUTIVE SUMMARY LEGISLATIVE AUDITS

STATE ATHLETIC COMMISSION

PURPOSE AND SCOPE. In planning and making our audit of the statewide basic financial statements, we performed certain audit procedures to evaluate the effectiveness of the State Athletic Commission's internal control design and operation. Consequently, the limited scope of our procedures does not allow us to give an opinion on the Commission's internal control system. Accordingly, we do not express an opinion or ensure that all instances of internal control weaknesses were disclosed.

Our purpose was to indicate where internal controls could be strengthened to help ensure accurate financial statements and data. This evaluation, together with other evaluations and various audit procedures applied at other agencies, allows us to express an opinion on the statewide basic financial statements prepared by the State Controller's Office.

CONCLUSION. We noted no matters involving the internal control over the Commission's financial reporting or its operation that we considered to be material weaknesses. However, our consideration of the internal control over financial reporting would not necessarily disclose all matters considered to be a material weakness.

FINDINGS AND RECOMMENDATIONS. There are no findings and recommendations in this report.

PRIOR FINDINGS AND RECOMMENDATIONS. The prior audit report contained two findings and recommendations. The status of these findings and recommendations are explained below:

Prior Finding #1 The Commission's fund balance, drop in revenues, and outstanding accounts payable raise concern about its ability to continue operating.

This finding was about the Commission's inability to pay its bills. Although the Commission's financial situation has improved, its liabilities still exceed its assets. The Commission is currently working with the Division of Financial Management and the Legislative Services Office, Budget Division, to develop a plan for the future of the Commission. This plan will be presented to members of the legislature during interim meetings. As a result, the Commission has substantially complied with the prior audit recommendation.
CLOSED.

Prior Finding #2 The Commission did not always comply with State laws governing its operations.

The Commission did not always keep full board minutes of its transactions and proceedings (Idaho Code, Section 54-404), did not always make deposits in a timely manner (Idaho Code, Section 59-1014), and did

not always receive complete information from promoters to verify the accuracy of receipts that the promoters submitted (Idaho Code, Section 54-409). The Commission now keeps board minutes and will request that promoters provide complete information. We found no instances of late deposits. **CLOSED**

AGENCY RESPONSE. The Commission has reviewed the report and is in general agreement with its contents.

FINANCIAL SUMMARY. Although an opinion is not given on the financial data presented in this report, one is given on all State funds in the statewide *Comprehensive Annual Financial Report* that includes the financial data presented here. Following is a brief financial summary for fiscal years 2002 and 2003:

State Athletic Commission – Financial Summary
State Regulatory Fund 0229

	FY 2002	FY 2003
Beginning Cash Balance	\$1,031.58	\$5,027.06
Receipts	<u>13,090.91</u>	<u>25,676.35</u>
Total Funds Available	\$14,122.49	\$30,703.41
Personnel Costs	0.00	17,441.03
Operating Expenses	<u>9,095.43</u>	<u>6,501.80</u>
Total Expenditures	<u>\$9,095.43</u>	<u>\$23,942.83</u>
Ending Cash Balance	<u><u>\$5,027.06</u></u>	<u><u>\$6,760.58</u></u>

FINANCIAL NOTE. The prior report included a finding about the Commission's cash flow problem, outstanding payables, and unpaid payroll. Receipts increased in fiscal year 2003 and allowed the Commission to pay back payroll and other bills. The \$17,441 in personnel costs paid in fiscal year 2003 includes personnel costs from fiscal years 2001 and 2002. Current liabilities still exceed cash on hand, therefore, receipts and expenses continue to need close monitoring.

OTHER ISSUES. We discussed less important issues which, if changed, would improve internal control, ensure compliance, or improve efficiency.

This report is intended solely for the information and use of the State Athletic Commission and the Idaho Legislature and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the cooperation and assistance given us by Tom Katsilometes and his staff.

QUESTIONS CONCERNING THIS DOCUMENT SHOULD BE DIRECTED TO:

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